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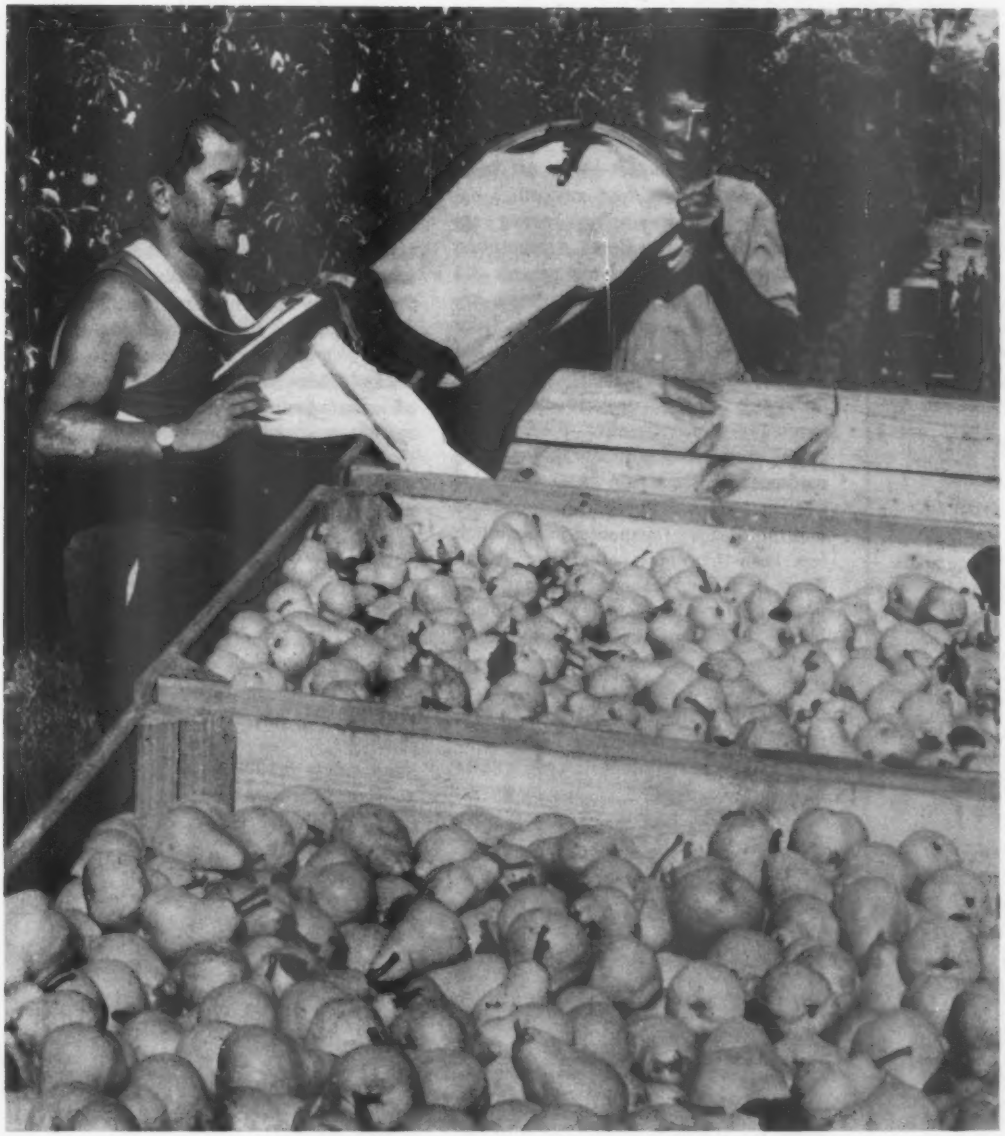

March 11, 1974

Japan's Beef Imports

South Africa To Have Record Grain Harvest

Foreign Agricultural Service
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Japan's Beef Imports Up—Short-Term Outlook Clouded

By ROGER S. LOWEN
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JAPANESE consumers—who eat more fish per person than any other nationality—are developing keener appetites for beef. Beef consumption could easily rise from the present 8.5 pounds to 20 pounds per person annually by 1985—still a far cry from the 116 pounds a year now averaged by U.S. consumers.

Japan's higher demand for beef, especially better quality products, is linked to growing affluence, since rising incomes usually signal increased meat protein intake. Potential for growth is enormous, since Japanese now eat much less beef than most other equally affluent nations. However, short-term growth in consumption may be slowed by the impact of the petroleum situation on the Japanese economy.

Contributing to the new demand for beef is a shift away from vegetable proteins in diets, as well as leveling off of fish and shellfish consumption. Since Japan's fish supplies are slated to remain stable at best, demand for alternatives is rising. Pork and chicken supplies will continue to expand, but they will not fully substitute for beef in Japanese diets.

How then will Japan increase beef availability to fill the uptrending consumer demand? Although Japan has ambitious plans to increase domestic beef production, land available for beef-raising is limited. Therefore, most of the supplies to fill the higher demand will probably come from imports.

This year, Japan expected to import an estimated 175,000 tons of beef, considerably above 1973's 126,000-ton imports and strikingly more than the 57,609 tons imported in 1972. Of anticipated 1974 imports, 125,000 tons could come from Australia, 10,000 tons from New Zealand, and close to 40,000 tons from the United States.

These estimates presuppose satisfactory resolution of energy problems. If demand should weaken because of recessionary trends or if Japan's foreign exchange reserves should be drawn down quickly, these figures may drop.

In the past year or two, Japan has become the apex of a meat trade triangle that includes the United States and Australia-New Zealand. Australia traditionally accounts for about 90 percent of Japan's beef imports, but ships nearly three times as much to the United States to augment U.S. supplies of manufacturing-grade beef—used mainly in hamburgers, hot dogs, and luncheon meats. Completing the triangle, the United States is increasing sales of higher priced, higher quality beef to Japan.

A recent development in Japan has been emerging preference for fresh, high-quality table beef, as opposed to leaner, manufacturing-quality frozen beef. Japanese food shoppers have discovered that the top-quality, highly-marbled U.S. table beef closely resembles their coveted Kobe beef. Surprisingly, only Japanese and U.S. consumers have a taste preference for highly-marbled beef.

As a result, the U.S. share of Japan's beef imports has risen rapidly in the past 2 years and holds high promise for the future. U.S. beef exports to Japan were just 597 tons in 1972. This year, U.S. exports could quadruple 1973's level to reach 40,000 tons. Although Australia will continue to dominate the market—especially for manufacturing beef—the U.S. market share is benefiting from the growing demand for high-quality products.

The developing market for high-quality U.S. beef in Japan will partially offset the currency outflow used to pay for U.S. beef and veal imports, which totaled 1.5 billion pounds in 1973—amounting to about 4 percent of all the meat, including poultry, consumed in the United States.

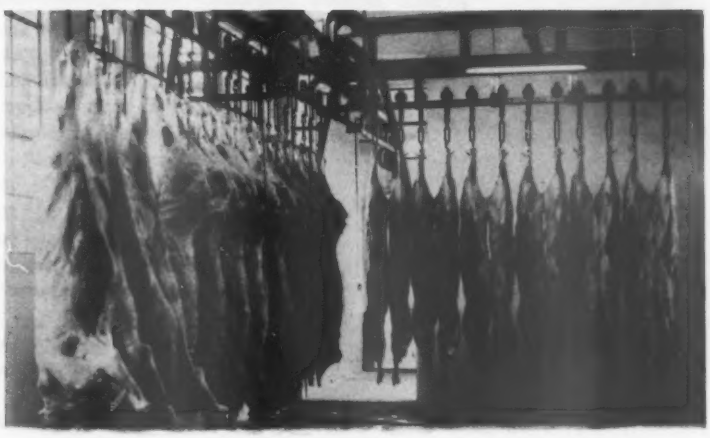
Particularly, dollar earnings from U.S. high-quality beef exports to Japan will help to counter the larger quantity of cheaper U.S. manufacturing beef imports, which satisfy the needs of middle income consumers.

Exports of 50,000 or even 100,000 tons of quality table beef to Japan would represent less than 1 percent of U.S. production and could help to provide a long-range incentive to U.S. producers and feeders to increase output. Also, profits and employment gains are higher for exporting finished beef than for the raw material component of the trade—that is, feedgrains and oilseeds.

Ultimately, the growth of demand for imported beef in Japan will continue to depend on the consumer. An analysis of shifts in daily Japanese diets shows that the use of protein—both animal and vegetable—has increased by 12 percent per capita since 1964. Of this, however, animal protein consumption soared 54 percent, while vegetable protein use declined by 7 percent.

A detailed look at changes in the animal protein component of Japanese diets indicates that fish and shellfish consumption have remained relatively steady. In 1971, livestock and poultry products—meats, eggs, and dairy products—surpassed fish for the first time for an astonishing gain of precisely 250 percent since 1964. Meat consumption increased most sharply of all categories to show a 274 percent rise.

Despite this marked shift to increased red meat consumption, Japan's total per capita red meat consumption in 1971 amounted to only 27 pounds, compared with 48 pounds in Portugal, 122 pounds in the European Community (EC), and 192 pounds in the United States. Of all red meats, consumption of beef amounted to only 7 pounds in 1971, against 55 in the EC and 116 in the United States.



Dairy farm (top left) is an important source of beef, since about half of Japan's beef output is from dairy breeds—half from native Wagyu cattle. Hereford heifers (above), imported from the United States, are fed hay during the winter months. Beef carcasses (left) will help to fill growing demand for red meat in Japanese diets.

As demand for beef strengthens, Japan is making every effort to augment domestic production. Beef and veal output increased to 295,000 tons in 1972 from 275,000 tons the previous year. Early forecasts called for another production jump in 1973, but it is now estimated that output last year fell by 23 percent to 226,000 tons, largely because farmers, with Government encouragement, held back heifers for breeding.

This cycle, and increased feeding of dairy bred animals for slaughter, has laid the groundwork for future production gains—280,000 tons is forecast for 1974. The relatively small size of the cattle herd at the beginning of 1973—about 1.8 million beef and 1.8 million dairy—and Japan's limited land resources necessarily restrict production increases.

The majority of Japanese beef is raised on small family farms which have one or two head of cattle each. Producer prices reached record levels in 1973—$2,400 for 1,200-pound fattened native cattle. Fat calves weighing 500 pounds sold for as high as $1,800, and day-old Holstein calves for $200. Prices have since receded from these high levels.

Producers have asked that the number of feeder calves imported without duty be increased. In Japan's fiscal year (JFY) 1972, 5,000 head were permitted; this was increased to 11,000 head in JFY 1973, and the Government has proposed 20,000 head for JFY 1974.

Japan has also invested capital abroad—mostly in Australian feedlots, hoping to increase supplies of feedlot-marbled beef. But significant increases in beef availability from these sources appear to be a long way off, owing to limited capacity at present, the problem of obtaining sufficient feed at reasonable prices, lack of expertise, and the short feeding periods presently employed.

Because Japan's Government has been under considerable pressure to meet consumer demands for more beef, beef import quotas have been increased dramatically in the past 2 years. Japan's large foreign exchange surplus and international pressure for trade liberalization have also encouraged the Government to set larger quotas.

The beef import quota issued for the second half of Japan's fiscal year 1973-74 (October-March) totaled 90,000 tons. A 70,000-ton quota, issued for the first half of 1973-74, was alloted principally to the Government-controlled Livestock Industry Promotion Corporation.

The quotas represented a substantial increase in potential imports. However, on February 1, the Ministry of Agriculture and Forestry announced that it would suspend beef imports to protect the livestock industry from declines in wholesale prices. The beef import quota was pared by 40,000 tons. The duration of these restrictions may ultimately depend on energy situation developments.

Import quotas for beef are based on recommendations made by the Ministry of Agriculture and Forestry, which assesses the domestic supply and bases quotas on projected domestic demand. Quotas are generally issued twice in Japan's fiscal year. Once announced, however, quotas may be used for a period of 10 months or longer if shipping is delayed. Thus, actual imports can vary widely from quota levels, although the quotas provide a rough estimate of future imports.

The nature of Japan's beef imports is undergoing even greater change than the totals suggest. Chilled beef imports really took off during 1973, largely, because of a concerted campaign by Australia to upgrade and promote its product. During the first 9 months of 1973, about 30-35 percent of beef imports consisted of chilled beef. During the last 3 months of 1973, officials estimated this figure jumped to 70 percent. They believe that chilled beef will maintain this ratio in 1974.

There are basically two causes for this shift. First, Japanese stocks of frozen beef, as well as of frozen pork and mutton, are at a high level. Although 85 percent of mutton and a large percentage of imported pork are used for manufacturing purposes in Japan, little of the beef—even the frozen variety—is used for manufacturing, other than the lowest-quality scraps, which go into hamburgers. Since there is a definite prejudice against buying frozen beef, which is considered to

JAPAN: RETAIL MEAT PRICES, NOVEMBER 1973
[In U.S. dollars per pound]

Brisket, U.S., chilled	2.92
Round, U.S., chilled	4.05
Chuck, U.S., chilled	4.86
Rib Eye, U.S., chilled	5.35
Strip Loin, U.S., chilled	5.68
Tenderloin, U.S., chilled	6.49
Sukiyaki, Australian, excellent, frozen	1.98
Sukiyaki, Australian, common	1.69
Sukiyaki, New Zealand, common frozen	1.95
Steaks, New Zealand, frozen	2.11
Salmon, USSR, frozen	1.14
Chicken breasts, France	1.38

JAPAN: RED MEAT IMPORTS BY COUNTRY OF ORIGIN
[In metric tons]

Item	United States	Australia	New Zealand	Canada	Other	Total
Beef:						
1969	97	15,062	3,081	1	383	18,624
1970	362	20,123	2,511	25	206	23,227
1971	507	36,959	4,004	22	80	41,572
1972	597	52,712	3,870	12	418	57,609
1973 [1]	11,000	106,000	10,000	—	—	127,000
1974 [1]	40,000	125,000	10,000	—	—	175,000
Mutton and lamb:						
1969	—	31,538	97,683	—	—	129,221
1970	—	44,111	66,725	—	22	110,858
1971	—	58,023	72,046	—	2	130,071
1972	—	75,836	75,614	—	6	151,456
1973 [1]	—	69,000	[2] 64,000	—	—	135,000
1974 [1]	—	50,000	[2] 60,000	—	—	110,000
Pork:						
1969	28,983	4,429	129	1,965	7,145	42,651
1970	7,589	808	22	2,930	5,800	17,149
1971	14,264	124	—	9,265	3,551	27,204
1972	21,823	11,038	—	19,029	16,042	67,932
1973 [1]	43,000	—	—	—	—	126,000
1974 [1]	40,000	—	—	—	—	110,000

[1] Estimate. [2] Includes 10,000 tons of lamb. Source: Meat Statistics in Japan, May 1, 1973, Japan Meat Conference.

be of low quality and possess an inferior flavor, little rise in frozen beef imports is anticipated.

The second reason for the shift is the growing realization in Japan that imported chilled beef approaches the quality of homegrown beef. Almost one-half of the domestic beef supply comes from the domestic beef breed called Wagyu, from which Kobe beef is produced, and the other half is produced from dairy cattle. Dairy breeds produced about 51 percent of domestic beef in 1972 and 61 percent in 1973. However, in comparing imported beef, the Japanese use the Wagyu as the benchmark.

Over 8,000 retail stores in Japan are currently enfranchised to sell foreign beef. Part of the agreement that permits these sales requires that stores properly identify origin of the beef.

While a package of gift-wrapped Kobe beef may be purchased in Japan for over US$37 per pound, this is not really an accurate reflection of beef prices. Prices in the accompanying table, noted on November 15, 1973, at a typical department store meat counter, are considered to be more representative.

Supply and demand developments for other red meats, poultry, and fish in Japan will influence beef consumption, and thus import, patterns.

As part of the soaring demand for more meat in their diets, the Japanese are also increasing their consumption of pork and products manufactured from pork. In spite of growing needs, pork output in 1972 increased only 3 percent to 770,000 tons and 9 percent in 1973 to an estimated 840,000 tons. So imports of 67,932 tons in 1972 and an estimated 120,000 tons in 1973—about 43,000 from the United States—were needed to narrow the supply gap.

In 1974, however, pork production is predicted to rise at least 10 percent, and the Japanese optimistically see decreased imports. Brood sows are due to increase by 10 percent in number, with a further gain in the number of pigs per sow—resulting in predicted pork production of 880,000 tons.

Nevertheless, Japan is likely to import some pork this year if previous consumption trends are to continue. To provide for a total consumption gain of 3 percent in red meat (excluding beef), pork imports should amount to 110,000 tons. This is conservative, since consumption increases from 1970 to 1972 were 9, 6, and 8 percent, respectively.

Pork and beef imports are likely to be the only option open for the Japanese, if red meat consumption gains are to be realized. Mutton imports in 1974 are due to decrease to under 100,000 tons from 125,000 tons in 1973, owing to increased prices and limited availability from Australia and New Zealand. Horsemeat imports are also slated to decline.

MUTTON PRODUCTION in Japan is negligible, and all supplies are imported from Australia or New Zealand. Some 85 percent is used for manufacturing purposes, with the remaining 15 percent used for barbecue in northern Japan. In most cases, however, pork is preferred, depending on relative price.

Poultry now comprises about one-third of Japan's total meat requirements —up from one quarter as recently as 1966. Total supply during this period increased from 267,000 tons to 666,000 tons. Most of the gain was from domestic production, although imports have risen steadily during the past 4 years. In 1972, imports reached 29,000 tons and were expected to total 32,000 tons in 1973. The U.S. share of this market has fluctuated at about one quarter of total imports.

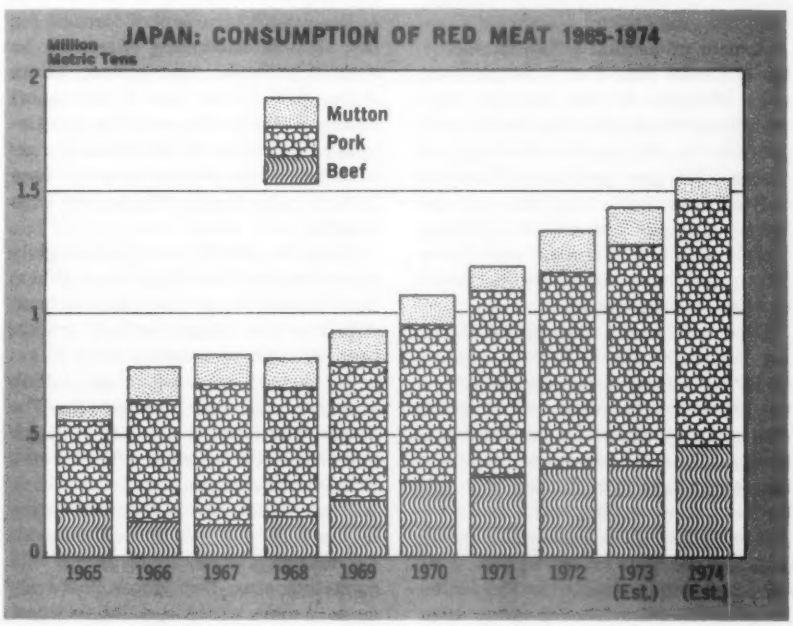
Japan is the leading fish-consuming nation in the world. On an edible weight basis, its per capita annual consumption is 71 pounds, compared with 23 pounds in the USSR, 12 pounds in the United States, 9 pounds in West Germany, and only 4 pounds in Mexico.

In recent years, Japan's consumption of fish and shellfish was double that of all meats, including poultry. However, the gap has been narrowing steadily. Although the pollution scares of the past few years are not expected to cause a sharp break in demand, experts look for a leveling off of fish consumption.

Pollution is having an impact more on supply than on demand. Once-rich nearby fishing areas—such as Tokyo Bay, Osaka Bay, and Hiroshima Bay—are now "dead seas." The Inland Sea may soon fall in this category. However, Japan has expanded its deep sea catches and is entering into more joint-fishing ventures to increase its imports as much as possible.

From a long-range point of view, increased pollution, over-fishing—even in the distant ocean fisheries—and increased demand and rising prices worldwide will increase demand for alternatives to fish and shellfish in Japan.

With barely 1 percent of Japan's fish supply coming from fish-farming, or aquaculture, this industry is not likely to replace depleted natural fishery resources in the future.



South Africa Anticipates Record Harvests and Exports of Grain

By KENNETH L. MURRAY
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IN SOUTH AFRICA, it is a banner year for grain production and exports. The 1974-75 corn crop, favored by exceptionally good weather thus far, is expected to tally a record 11 million tons, a strong comeback from last year's crop failure and about 15 percent above the previous record set in 1967.

The 1973-74 wheat harvest, just completed, is a record 1.7 million tons, and exports are forecast at 300,000 tons, slightly below last year's but only the second year that South Africa will be a wheat exporter.

The sorghum crop is forecast at a near-record 575,000 tons, more than double last year's low output. Acreage is probably below average, but the yield is expected to be very high.

Both corn and sorghum harvests are expected to start in late April.

The anticipated corn crop is expected to be a strong 4.2 million tons above the poor outturn of last year, and well ahead of the 9.6 million tons harvested in 1967. Although acreage is up, the main factor in the large crop is the very high yield this year.

A note of caution is introduced by the abnormal rains that have persisted since October. If they continue into March and April, the corn harvest will not only be delayed but also may be smaller than now predicted. Continuation of rains could lead to rust and lodging damage. The crop was planted early, and in early February was almost fully tasseled. Dry, sunny weather would ensure an excellent crop.

Exports of corn in May-April 1974-75 are forecast at 3.85 million tons, compared with a meager 225,000 tons in the 1973-74 marketing year. Exports from the crop may reach 5 million tons, because some of the new crop will necessarily have to be carried over into the 1975-76 marketing year.

The South African transport system and port facilities cannot handle more than 3.85 million tons in the 11 months remaining in the marketing season after exports from the new crop begin in June. And no exports are expected in the first 2 months of the 1974-75 marketing year because of short supplies following last year's crop failure. The new crop is expected to reach export position in early June.

Exports of sorghum grain for the May-April 1974-75 marketing year are forecast at 300,000 tons, compared with zero exports last year. Exports from the new crop are expected to begin in June.

Wheat acreage was up somewhat this year in a move of desperation by some farmers who planted winter wheat early last year because corn could not be planted due to the dry conditions that prevailed from October to December 1972.

WHEAT PRODUCTION in South Africa is widely distributed over the country, and does not suffer the same sharp fluctuations to which corn is subject. However, this year's crop quality was adversely affected by rain during the harvest period.

The 300,000-ton export forecast for the 1973-74 marketing year will be slightly below last year's when South Africa first moved into a net export position. Wheat exports during the December-November 1974-75 year are expected to be almost complete by June 1974 in order to clear the way for corn exports.

Grain movement into export is tightly controlled by the Maize and Wheat Boards under a system of export tenders. The Wheat Board has been tendering and hopes to complete 1974-75 exports as soon as possible and before new-crop corn gets to the ports. The Maize Board will begin tendering for new-crop corn exports in April, for a 2-month forward position.

Corn exports should be in full swing by June 1974. From then throughout the remaining 10 months of the 1974-75 marketing year, the Maize Board intends to move all the corn the transport system will bear. About 26 cargoes of 13,500 tons each appear the maximum that can be moved each month into export. This would mean the following quarterly corn export flow in the 1974-75 marketing year:

Corn export forecast	*1,000 metric tons*
May-July 1974	700
Aug.-Oct. 1974	1,050
Nov.-Jan. 1974	1,050
Feb.-Apr. 1975	1,050
Total 1974-75	3,850

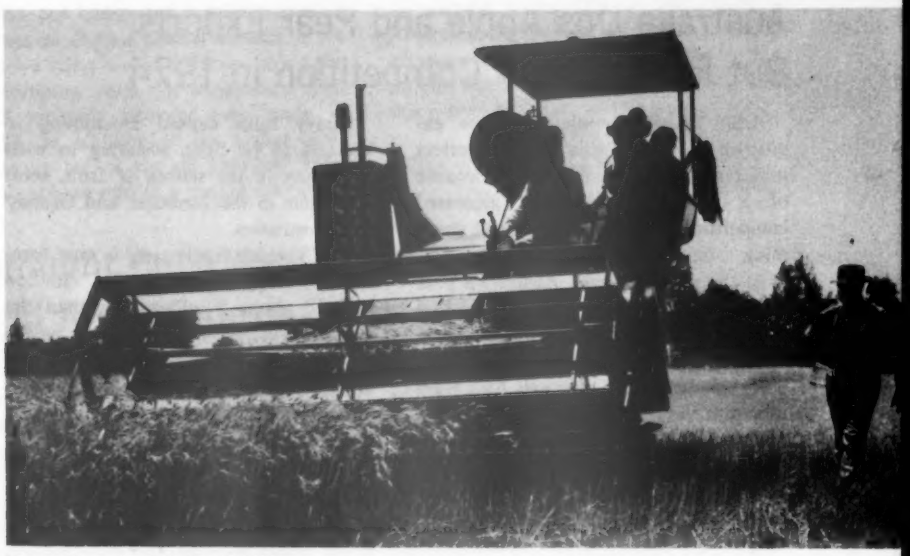
Export corn from the crop will be carried over into 1975-76, thus enabling the Maize Board to sustain exports at a maximum level well into the new season, even if there is a less-than-average crop in 1975.

Corn competes with coal, iron ore, magnesium, citrus, and other commodities for rail transport. But even if the rails could move more corn, the limitation would be in the ports, which cannot handle more than 26 cargoes per month.

Sorghum exports should be evenly distributed throughout the season; i.e. about 27,000 per month for the remaining 11 months commencing June 1974.

The Maize Board controls marketing of grain through the cooperatives, as does the Wheat Board for wheat. Farmers deliver grain to the cooperatives, which take it over at a Government-fixed price for the account of the Boards. At that point, it becomes the property of the Boards. Sorghum and other minor grains can be marketed freely, but the Maize Board will also purchase sorghum at the floor price.

Cooperatives own virtually all of the elevator space in the country. They are paid by the Boards to receive grain, store, treat, finance, and provide other marketing services. Since drying facilities are extremely limited at both farm and elevator level, farmers are prohibited from delivering their grain until it reaches a specified moisture level.



Harvesting wheat in South Africa.

Since this season has been wet, corn deliveries at 14 percent moisture will be accepted; however, it will be discounted at 1 percent for every 1 percent moisture over 12.5 percent. The need for farmers to wait for the corn to reach the specified moisture level will be the factor delaying the harvest, should the rains continue over the next 6 weeks.

Since farmers are paid a single, flat price for corn and wheat, and because farm storage is extremely limited, deliveries to cooperatives occur immediately after harvest.

With cooperatives the sole buying agents for the Boards' corn and wheat, the role of private trade is limited on the domestic side to buying from the Boards and reselling. However, most end-users and processors, such as cooperatives with mills and private millers and compounders, buy direct from the Boards.

On the export side, the private trade is limited to buying from the Boards, or tenders on an f.a.s. (free alongside ship) basis.

Under the tender system, the Maize Board does not control the destination of corn exports. The Board does, however, have Government-to-Government arrangements with Taiwan and Venezuela.

SORGHUM and other minor grains are marketed freely, so the private trade is permitted to perform all normal marketing functions in this sector. If sorghum production and exports became more substantial and threaten to interfere with the Maize Board's marketing program for corn, sorghum would most probably be put under Maize Board control. But increased sorghum production is unlikely.

South African farmers appear to have fared well under Government agricultural policies. The quasi-Government Maize and Wheat Boards recommend producer prices each year to the Minister of Agriculture.

The producer price-setting procedure is supposed to take into consideration such factors as changes in cost of production, the country's supply-use position, the need to keep local retail prices down through consumer subsidies, the export price situation, and the position of the Stabilization Fund.

The producer price for the 1974 corn crop will be announced in early April—just before harvest begins. This late date is chosen because the crop is subject to wide variations, as are world market prices. Moreover, a preplanting announcement of the producer price probably would not have much impact on production. Farmers tend to plant as much corn as moisture conditions permit at seeding time (October through December).

The Stabilization Fund has proven to be a good tool in equalizing income from one season to the next. The 1973 corn crop, for example, was a disaster, and farm income would have suffered badly had not about $100 million been paid out of the fund. The fund consequently is somewhat depleted at present, but this year's abundant crop and high export prices will enable the fund to be built up again.

There are indications that the corn support price will be set at $75 per ton for the 1974 crop. Last year's producer price was $67.50 per ton, but the disaster payment added $8.25 to the amount received by producers. With this year's price about equal to last year's price (including disaster payment) and the prospect of a bumper crop, the South African corn producer will fare very well.

The Government's policy calls for self-sufficiency in agricultural products where imports are still required, and increasing exports of those products—such as corn, wool, and citrus—where surpluses now exist. Agricultural exports are vital in the country's balance of trade, which is now in the black. Export earnings are needed to provide exchange for purchases abroad of such requisites as petroleum.

Given this setting, it is apparent that South African grain producers will be provided adequate incentive to continue and even expand production.

Since production incentive seems assured due to the importance of grain, especially corn, to the country's economy, the main limiting factor to production is rainfall. The biggest determining factor of corn acreage is moisture conditions at seeding time. Optimum weather conditions permit double-cropping, such as winter wheat sown in May and harvested by November-December, and followed by sunflower sown in January and harvested early enough for corn to be planted October-December.

The country has only about 100,000 farmers who enter into the marketing stream. Most of these farmers are conservative in practices; the corn growers, for example, practice a monoculture. Irrigation is very limited in corn production, due mainly to lack of water supplies in most areas. Fertilizer is generally applied to the grain crops in adequate quantities.

Australia Ups Apple and Pear Exports But Faces Stiffer Competition in 1974

After boosting apple and pear exports in 1973, Australia's fruit exporters may face a less promising 1974 because of a smaller apple crop, increased competition, and other problems stemming from the oil shortage.

In the year just past, Australian pear shipments to the United States and Southeast Asia were at record levels, while apple sales to most of its European customers and some in Asia were up significantly.

Production. The on-again, off-again nature of Australia's biennial apple-growing cycle plus dampness at setting time are blamed for the drop in apple output to well below last year's near-record level. But the 1974 pear crop is expected to be substantially larger than in 1973.

Smaller outturn is in prospect for all of Australia's apple-growing States and total production is estimated at about 18.9 million bushels (42 lb.). This is nearly 4 million bushels less than the previous crop of 22.8 million bushels, but about the same as that of 1972. The final outcome depends on continuation of good finishing conditions at season's end, but apple size is not expected to be a problem. Fungus disease and insect pests were more prevalent than normal because of the heavy rains. This could affect the final production figure.

The present estimate is that total pear output in 1974 will total about 9.3 million bushels (45 lb.), some 1 million bushels above the 1973 crop. The pear crop in 1972 was about 9 million bushels.

Tasmania, Australia's leading apple-producing State, is expected to have a fairly heavy crop in 1974 despite the off-season production drop and wet weather early in the season. The weather improved later and was nearly ideal at blossoming time. New South Wales also experienced mild conditions at blossomtime.

Producing about 30 percent of Australia's apple output, Tasmania is expected to have a crop of 5.8 million bushels, just 7 percent less than last year's 6.2 million bushels. New South Wales' output, on the other hand, is expected to take a 29-percent plunge, dropping to 4.1 million bushels from 5.7 million last season.

Heavy rains caused blossoming in Victoria to be light, resulting in wide variability in the setting of fruit, most noticeable in the Jonathan and Granny Smith varieties.

The Victoria apple crop is now forecast at approximately 3.4 million bushels, about 1 million less than the previous year's. This could drop as the season progresses, since yields in some areas are down between 25 and 50 percent from last year's.

Queensland orchardists are generally concerned about production prospects for major varieties, and at present an apple crop of about 1.8 million bushels seems probable. This would be a drop of about 200,000 bushels from last season's level.

The South Australia apple crop is expected to drop 20 percent lower than last year's 1.5 million bushels.

Conditions in Western Australia have been reasonably satisfactory and the apple crop is expected to drop from 2.9 million bushels in 1973 to 2.6 million in 1974.

Victoria is Australia's most important pear-producing State, growing about 77 percent of the crop. Reports indicate pear output is above average in all districts.

Victoria pear production is now forecast at approximately 7.1 million bushels, about 17 percent (1 million bushels) more than that of last season.

Although New South Wales was the only State where pear production is less than last season's its general outlook for 1974 is good. It will produce about 850,000 bushels, considered to be a moderately heavy crop.

Pear production in Queensland will be substantially better than last year's, although it is not expected to be a record. Present indications are the Queensland crop will be about 165,000 bushels.

Disease and insect problems may reduce the size of the South Australia crop somewhat but a fairly heavy one of about 600,000 bushels is anticipated.

In Tasmania, pear trees also blossomed heavily, and the set was excellent. These conditions are expected to result in a near record crop of about 350,000 bushels. Last season's output was 314,000 bushels.

Western Australia's pear production is expected to be about 215,000 bushels, up slightly from last year's crop.

Foreign trade. Australian exports of apples during the 1973 season are estimated at about 7.1 million bushels, 1.8 million more than the previous season.

Exports to the United Kingdom continued to decline, but this was more than offset by larger sales to West Europe, particularly West Germany and Holland.

Shipments to the United Kingdom totaled 2.6 million bushels, compared with 3 million bushels the previous year. Exports of apples to West Germany reached nearly 1.4 million bushels, while shipments to Holland amounted to 604,000 bushels.

Exports to the United States totaled nearly 83,000 bushels, less than half the reduced quantity shipped in 1972. Only a token shipment of less than 500 bushels was made to Canada.

Apple exports to the Far East and Pacific areas were somewhat better than last year's. Final data for shipment are not yet available, but indications are about 1 million bushels were shipped to Southeast Asia. Singapore took about 605,000 bushels; Malaysia, 55,000 bushels; and Indonesia, 85,000 bushels. About 250,000 bushels were shipped to Hong Kong.

Australian exports of pears were also significantly higher than in 1972. A record volume of 571,604 bushels was shipped to the United States, making this the most important export market for Australian fresh pears.

Exports to the United Kingdom were the smallest for some years, and amounted to only 303,528 bushels. Total shipments to Western Europe amounted to 847,680 bushels, 160,000 bushels more than in 1972. A decline in shipments to Belgium was more than offset by those to West Germany and the Netherlands. Singapore and Hong Kong were the major markets for pears in the Far East and Southeast Asia, accounting for about 255,000 bushels each.

Marketing prospects. Marketing prospects for Australia's 1973 apple crop were not encouraging at the beginning of the season. However, when apple crops in other Southern Hemisphere countries proved to be smaller than normal, price levels improved. With growing demand, average export returns were better than expected. However, the upward revaluation of the Australian dollar and a further decline in sterling, together with higher freight rates,

reduced producer income to about the same level as in the previous year. Had competition from Argentina and South Africa been at normal levels, Australian apple producers and exporters would have had a poor season.

The pear export trade experienced a fairly good season during 1973. With shipments to the North American and Southeast Asian markets at record levels, and prices remaining fairly strong, net returns for pears were generally better than the previous year.

The outlook for the 1974 season is far from promising as South American and other Southern Hemisphere pear crops are expected to return to normal levels. Consequently, competition will be stronger this year. If low prices prevail at the beginning of the shipping season, the result could be curtailed apple shipments to the United Kingdom and Western Europe unless the Federal Government provides additional minimum price guarantees.

One assistance program was recently agreed to by the Tasmanian and Federal Governments. Assistance will be in the form of Australian Government financial support to match on a dollar-for-dollar basis payments made by the State. The move is intended to guarantee an f.o.b. export return of nearly US$3 per bushel for 2 million bushels of apples shipped from Tasmania to the United Kingdom and Europe this year.

Shipping costs for Australian fruit will probably increase even more in 1974. In addition to the higher costs growing out of the oil shortage, shipowners have offered a freight rate about 16 percent above that of 1973. The Australian Apple and Pear Board has arranged for ship space for about 2 million bushels of apples and pears at this new rate.

—Based on dispatch from *Office of the U.S. Agricultural Attaché, Canberra*

Drought Cuts New Zealand's 1973 Pear And Apple Crops—Exports Rise Slightly

Despite a drought which reduced the size of its 1973 apple and pear crops, New Zealand upped the percentage of these fruits shipped to export markets. Current prospects are for a larger 1974 apple crop but for a continuation of the pear-production downtrend of the past few years.

The United Kingdom is still New Zealand's principal apple and pear market, but is expected to lose its importance when other European Community countries step up fruit shipments into the U.K. market.

The United States was New Zealand's major North American fruit trading partner in 1973, shipping U.S. Red Delicious apples there for off-season sales and in return taking nearly 178,000 bushels (40 lb. each) of New Zealand apples and pears.

Production. The New Zealand drought dropped the apple crop from more than 7.3 million bushels in 1972 to 7.2 million the following year. The drop in the pear crop was from 1.043 million bushels in 1972 to 1.040 million in 1973. The apple crops in the Nelson, Marlborough, Canterbury, and Otago Districts were particularly hard hit by the dry spell, while production on North Island was better than the previous year.

New Zealand growers expect apple production in 1974 to rise to 8.2 million bushels. Pears should drop to 964,000 bushels, continuing the downtrend begun in 1971 when output stood at 1.08 million bushels.

Processing of apples rose 13 percent from 1.07 million bushels in 1972 to 1.21 million bushels in 1973. Pears used for processing fell about 46 percent from 235,000 bushels to 126,000 bushels in the same period.

Marketing. The New Zealand Apple and Pear Marketing Board (NZAPMB) handled 6.2 million bushels of apples and 658,000 bushels of pears in 1973. Of the roughly 6.8 million bushels, the NZAPMB exported about 61 percent, sold 25 percent domestically and used nearly 15 percent for processing.

The 3.9 million bushels of apples exported by the Board represented 54.6 percent of total production, up slightly from the previous year's share. The 1973 pear exports—183,000 bushels—also represented a larger share of total production in 1973 than it did 1 year earlier—17.5 percent, compared with 13.6 percent.

Poor fruit crops in Europe, severe frost in Argentina, and drought in South Africa gave New Zealand fruit producers a sales edge in Europe and the United Kingdom.

In fiscal 1972, New Zealand apple and pear exports to the United King-

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Australian packers cull apples prior to packing them for domestic or export markets. Australia upped both apple and pear exports in 1973.

India's Grain Import Needs Strong Despite Some Gains in Production

By JOHN B. PARKER, JR.
Foreign Demand and Competition Division
Economic Research Service

BUMPER HARVESTS of rice and coarse grains, plus large tonnages of imported wheat, are partially easing the tight supplies of food grains in India, but the supply-demand gap continues to be disturbingly large.

Crop yields are up. Ample monsoon rainfalls in second-half 1973 left the fertile fields of northwest India lush and green. Imported grain from the United States, the Soviet Union, Canada, and Australia have moderated the consumer shortages that persist in the urban areas of the south.

But India's total food needs still greatly exceed total food production. Large quantities of imported grains will be required for some time to come. The gap between grain production in the fertile growing areas and in the less-productive regions is widening.

Despite good recovery in 1973 from the adverse weather conidtions of 1972, the larger yields of wheat, rice, and coarse grains are being outpaced by strong gains in population.

Even though production of food grains in this fiscal year is expected to total about 108 million tons, India will necessarily be compelled to rely heavily upon imported grains.

All was going reasonably well in India's agricultural economy until prolonged drought in 1972 resulted in depressed yields in most grain-producing areas. Consumer prices rose swiftly. Per capita consumption of grains, which had been rising steadily, fell from 188 kilograms in fiscal 1972 to 166 kg. a year later. Data published by the Ministry of Agriculture in Delhi indicate that per capita consumption in the current fiscal year will be about 189 kg.—a marked improvement over the previous year but substantially short of the pre-drought figure of 199 kg. set in fiscal 1971.

Despite the rise in grain production, however, India's food situation is in some respects worse now, in the first half of 1974, than it was a year ago. For one thing, Government stocks of grains are lower today than they were in early 1973. And consumer demand in the 170,000 Fair Price shops operated by the official Food Corporation of India is much higher today than a year ago.

A projected total output of food grains in this fiscal year of 110 million tons will merely restore production to the 1970-71 levels—and India has experienced a staggering population gain of 40 million persons since that time.

When the new wheat crop becomes available for Government procurement and distribution in late April of this year, India's need for imported grains probably will lessen. After crop totals have been officially determined, Delhi will announce the tonnages it wants to buy for distribution and/or storage.

Government procurement prices of rice and coarse grains were increased early this fiscal year, but the target figure for rice to be distributed to the deficit areas is relatively small—only 2.9 million tons.

THE QUANTITIES of domestic grains required by the Fair Price shops—15 million to 18 million tons annually—are not likely to be met by the Food Corporation for some time. Indian grains will have to be supplemented with imported grains if total consumer demand is to be met.

The continuing grain shortage is bringing about some basic shifts in consumer distribution patterns. Indian consumers are free to purchase grain either in the Fair Price shops—where prices are set by the Government—or in the open market.

During the period of relative abundance (1968 through early 1972), many consumers preferred the open market. Prices were about the same at both. And consumers could find a greater variety of grains on sale in the open market. Fair Price shops sometimes offered only Mexican wheat and IR-8 rice, one of the earlier types developed by the International Rice Research Institute.

Open-market prices of some cereals and pulses have increased more than 35 percent in the past 18 months, driving consumers in growing numbers to buy at the low fixed prices charged in the Fair Price shops. But while larger harvests of rice and coarse grains in this fiscal year are providing relief for consumers in the more fertile areas, less than 5 percent of these crops is being procured by the Food Corporation for distribution to the food-deficit areas, which includes most of the teeming port cities.

The deficit areas require about 1.5 million tons of grain per month. But the Food Corporation has only about a 2-month supply in its distribution pipeline to meet consumer needs extending over the first 4 months of 1974.

The tight food situation prevailing in

Acreage in India of high-yield Mexican wheat, above, receives top dressing of fertilizer from farmer. India's grain imports in 1973 are estimated at about 4.5 million tons, with the United States supplying about half of this amount. Wheat being bagged top right, at Bombay warehouse, flows into hopper until desired weight is reached, after which it is released into the bag. Right, below, grain is stored temporarily at one of the depots near Delhi administered by the Food Corporation of India.

India's cities stems in part from the nature of the country's public food distribution system. Cereals—mostly wheat—are sold to holders of ration cards at fixed prices in the Fair Price shops. Since the supplies available in the Fair Price shops often are insufficient to meet all family food needs, consumers must necessarily shop also in the open market—at prices sometimes double those posted in the official (Fair Price) shops.

Most Fair Price shops are operated by merchants who receive grain from the Food Corporation to sell at fixed prices. Total demand from ration-card holders approximates 1.5 million tons per month, but deliveries by the Food Corporation during most of 1973 were about one-third less than total needs. Many consumers were confronted with "Sorry—No Grain" signs.

India's current food shortages and the high prices prevailing on the open market are problems resulting directly from the 1972 drought. Production of food grains dropped from a comfortable figure of 105 million metric tons in 1971-72 to only 95 million tons in 1972-73. Fortunately, the country's grain stocks totaled about 9 million tons on July 1, 1972, when it became apparent that India's brief period of agricultural plenty was grimly destined to change into a period of food scarcity.

Plans to seek imported grain supplies were delayed, however. The Food Corporation first attempted to meet consumer needs from grain stocks accumulated in prior years. By early 1973, most of the reserves were gone. Then, another period of official hesitation ensued—this one resulting from overly-optimistic hopes relating to the prospective outturn of wheat and other crops grown during the winter.

The hopes for a larger wheat crop were dashed. Supplies of water for irrigation were found to be inadequate. Fertilizer was in short supply.

Not only did wheat production not increase as had been hoped, but to the growing dismay of food officials the total yield actually declined for the first time since 1966—from 26.4 million tons in 1972 to 24.9 million tons for the crop harvested in the spring of 1973. Output of rice and coarse grains dropped more sharply than did wheat.

As a result of these shortfalls in yields, Government procurement of grain dropped from 5.1 million tons in 1972 to 4.4 million tons in 1973.

Grain imports in 1973 are estimated at nearly 4.5 million tons—a figure that contrasts sharply with the less than 500,000 tons imported in 1972.

The United States supplied about half of India's grain imports in 1973. Total U.S. agricultural exports to India increased from $87 million in 1972 to $313.5 million in 1973 because of greater deliveries of grain. In 1973, U.S. exports to India included 1.8 million tons of wheat and 923,000 tons of grain sorghum. During 1973, India also received about 350,000 tons of grain sorghum from Argentina, plus a small quantity from the Sudan. Total imports of coarse grains totaled about 1.3 million tons in 1973.

Total wheat imports in 1973 were about 3.2 million tons. This figure includes 1.8 million tons from the United States, 0.8 million tons from Canada, 0.2 million tons from Argentina, and 0.6 million tons provided through the Soviet grain loan.

Practically all of the deliveries through the Soviet loan arrangement during October-December 1973 consisted of transshipments from Canada and Australia. These tonnages are in addition to the quantities purchased from these countries by India.

During 1974, some of the total 1.4 million tons of wheat to be supplied through the Soviet grain loan will move through Black Sea ports, but the larger portion of the total will be transshipped from Canada to Australia.

The basic problem of supplying food to all inhabitants of India is complicated by sharply-contrasting differences in climate and in natural geography (see

map), as well as by distances. For example, spectacular gains in grain yields have been achieved during the past 10 years in the fertile fields of Punjab and Haryana. These two States produce more than twice the volume of grain needed for their own use. In 1972, they supplied 70 percent of the 7 million tons of grain purchased by the Central Government for delivery to the food-deficit States.

The five heavily-populated States of Maharashtra, West Bengal, Gujarat, Kerala, and Bihar cannot begin to supply their own food requirements. They necessarily look to the Central Government—in reality, to the more productive regions as well as to foreign grain-producing nations for the supplies needed to feed their combined population of 210 million.

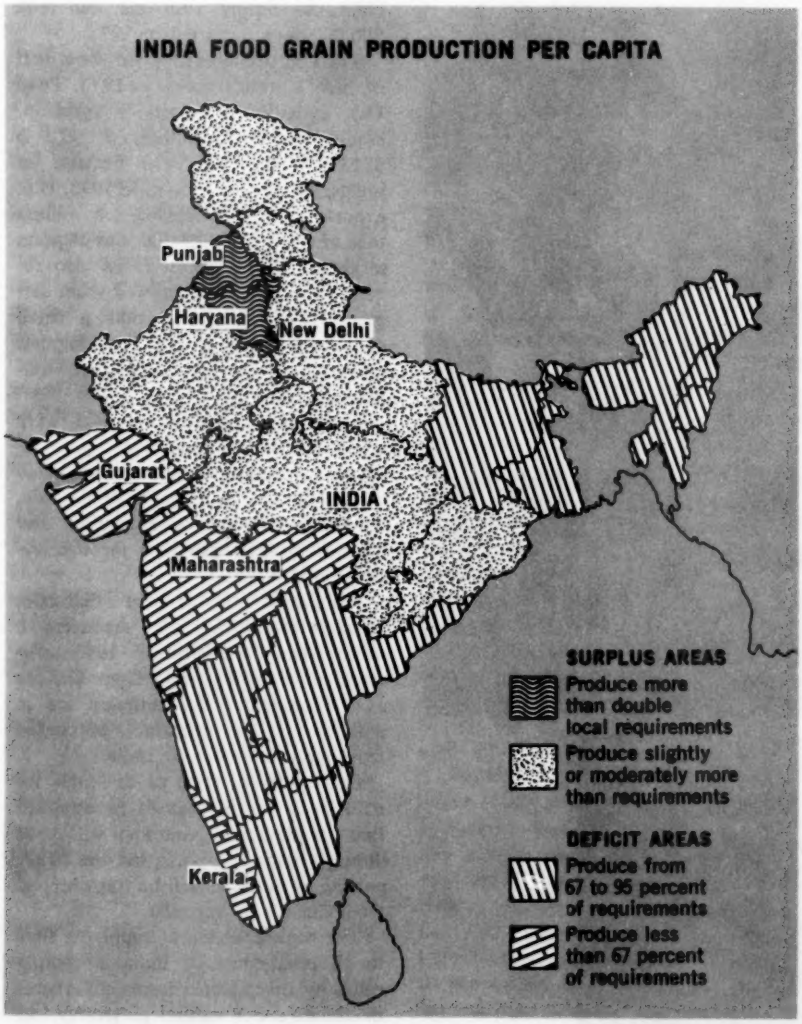
A serious fertilizer shortage may rob India of 6 to 9 million tons of food grain this year. With Eastern Europe and Japan defaulting on contracts, India's fertilizer deficit has increased to nearly 900,000 tons. High-yield wheats under irrigated conditions are particularly vulnerable. Earlier Delhi estimates of a 115-million-ton 1973-74 crop are now revised downward to 105-108 million tons. Some estimates place the outturn as low as 101 million tons, which would place 1973-74 production only 6 percent higher than the relatively poor crop of 1972-73.

Farmers specializing in commercial grain production are seeking increases in Government procurement prices of 20-30 percent. They point out that their costs are rising—especially the prices they pay for fertilizers, tractors, and other mechanical equipment.

Private shipments of more than 10 kilograms of rice from one state to another have been prohibited since the mid-1960's. Only Government supplies of wheat are permitted to move in commercial quantities in intrastate trade. But private wholesalers and merchants still are permitted to engage in sales of coarse grains and pulses crossing the borders of states or food zones. Thus, many consumers in urban areas switched from wheat bread to coarse-grain bread when it became difficult to buy wheat.

Consumer demand for cereals in the cities and deficit areas is expected to total about 15 million tons in 1973-74. The Government cereal-distribution system uses three major supply sources: Stocks accumulated in previous years, procurement from farmers, and imports. Government stocks have fallen below 1.5 million tons, and private stocks—although larger—also have declined.

As the open-market grain prices rise, farmers become more reluctant to sell their crops to the Government. And the Government's inability to fill its procurement goals brings about more pressure for increasing the volume of imported grains. But higher world prices make it difficult for Delhi to finance grain imports in unlimited quantities.



A GLANCE at the supply-and-demand situation in the individual states shows a grim pattern of tightening grain stocks. Shortages are, of course, the most serious in the grain-deficit states.

The 1972 drought hit the farming areas of Maharashtra and Gujarat hardest of all, and also damaged crops in West Bengal. Together with Kerala, these states produced only about 23 million tons of food grains in 1972-73, while their total needs were about 36 million tons.

The gap between supply and demand is widest in Kerala, which necessarily receives about half its grain supplies from out-of-state sources. Kerala, located in the tropical south, specializes in such food products as tea, spices, cashew nuts, and other products involving high labor requirements.

Kerala produces only about 130-154 pounds of food grains per capita. Yet most of its inhabitants can afford to pay for food received from outside sources because of their employment in export-oriented activities. On a per capita basis, Kerala exports are more than four times the average for all India.

In Maharashtra, crop failures forced

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CROPS AND MARKETS

GRAINS, FEEDS, PULSES, AND SEEDS

Traders Avoid Rotterdam's Lower Wheat Prices

Because of lower prices, traders who have wheat destined for shipment to Rotterdam are reportedly selling it f.o.b. U.S. ports, or are offering it for sale for delivery to other locations. Rotterdam wheat-offer prices currently are below replacement costs so this serves as an inducement to exporters to sell their wheat elsewhere.

On February 20, 1974, the price of U.S. No. 2 Dark Northern Spring wheat, 14 percent protein, f.o.b. gulf, was about US$6.58 a bushel plus ocean freight costs of some 39 cents, totaling approximately US$6.97 per bushel. The offer price on that date for No. 2 DNS, 14-percent wheat in Rotterdam was only $6.70 a bushel for March delivery.

Canadian Longshoremen End Strike at St. John

The Longshoremen's strike which tied up the Canadian port of St. John, New Brunswick, since February 1, ended February 19 when the International Longshoremen's Association signed a 2½-year contract with the Maritime Employers' Association. The unusually large flow of export grain scheduled for shipment from St. John (double last year's volume) was seriously disrupted when the 800 port workers walked off their jobs. As a result of the walkout, the Wheat Board had stopped loading grain at Thunder Bay for shipment to St. John, further increasing the backlog of grain exports.

Taiwan Raises Wheat And Flour Prices

As part of a sweeping series of economic stabilization measures announced on January 26, 1974, the Republic of China (Taiwan) has substantially reduced its subsidy for wheat while raising ceiling prices for flour. The price of imported wheat has been fixed at US$153.66 per metric ton, 80 percent above the previous price of US$85.68, which had been in effect since November 1, 1972.

The new domestic prices for wheat flour, per 48-pound bag, with previous prices in parentheses, are: Less than 8 percent protein, $4.78 ($2.76); 8-11.5 percent protein, $4.80 ($2.89); over 11.5 percent protein, $5.01 ($3.26).

EC Aids Syria and Somalia

The European Community (EC) Commission intends to grant food aid to Syria and Somalia for delivery during the first 6 months of 1974. Syria will receive 14,570 metric tons of soft wheat flour, and Somalia, 2,649 metric tons of soft wheat flour, plus 3,000 metric tons of brown rice. The estimated f.o.b. values of the donations are US$3.1 million for Somalia and US$3.6 million for Syria.

Rotterdam Grain Prices and Levies

Current offer prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	March 5	Change from previous week	A year ago
	Dol. per bu.	*Cents per bu.*	*Dol. per bu.*
Wheat:			
Canadian No. 1 CWRS-13.5	6.70	+16	3.12
USSR SKS-14	[1]	[1]	[1]
Australian FAQ[2]	[1]	[1]	[1]
U.S. No. 2 Dark Northern Spring:			
14 percent	6.67	+11	2.80
15 percent	[1]	[1]	2.82
U.S. No. 2 Hard Winter:			
12 percent	6.68	+10	2.77
No. 3 Hard Amber Durum	8.90	+ 5	2.97
Argentine	[1]	[1]	[1]
U.S. No. 2 Soft Red Winter	[1]	[1]	[1]
Feedgrains:			
U.S. No. 3 Yellow corn	3.86	+ 5	2.06
Argentine Plate corn	4.08	+ 7	2.25
U.S. No. 2 sorghum	3.54	− 1	2.14
Argentine-Granifero sorghum	3.50	− 1	2.12
U.S. No. 3 Feed barley	3.25	+ 8	1.77
Soybeans: [3]			
U.S. No. 2 Yellow	7.46	0	7.54
EC import levies:			
Wheat [4]	[5] 0	0	1.58
Corn [6]	[5] 0	0	1.25
Sorghum [6]	[5] 0	0	1.08

[1] Not quoted. [2] Basis c.i.f. Tilbury, England. [3] New crop. [4] Durum has a separate levy. [5] Levies applying in original six EC member countries. Levies in U.K., Denmark, and Ireland are adjusted according to transitional arrangements. [6] Italian levies are 18 cents a bu. lower than those of other EC countries.

Note: Price basis 30- to 60-day delivery.

Taipei Has Rice Shortage

Taipei, capital of Taiwan, is currently experiencing a rice shortage. The Taiwan Food Bureau is attributing the shortage to transportation problems, but informed sources claim farmers are reluctant to sell rice at the present time in anticipation of another price readjustment.

Taiwan has a production target of 2,560,000 metric tons for 1974, more than adequate to meet domestic requirements of 2,433,500 tons.

Mexico Buys U.S. Corn

On February 20, Mexico bought 460,000 tons of U.S. corn for delivery mostly through June but extending through September. The purchases were made from seven dealers with five destinations designated.

India Buys Australian Wheat

India has purchased 100,000 tons of wheat from Australia for March-April delivery. The price was US$215 per metric ton (f.o.b.) with payment scheduled over 12 months. Negotiations are continuing for additional Australian wheat.

West Germany Buys Less Corn Than Expected

Trade sources report that West Germany's Intervention Agency accepted 47,000 metric tons of corn under a recently announced tender. The purchases—32,000 tons from Hungary and 15,000 tons from France for March-April shipment—were substantially less than some 250,000 tons originally expected for tender.

LIVESTOCK AND MEAT PRODUCTS

France and Italy To Bar Beef Imports

The European Community (EC) has authorized France and Italy to embargo imports of fresh and chilled beef from non-EC countries, because of the current EC beef surplus. Reportedly allowed under the safety clause in EC regulations, the embargo will not affect frozen beef shipments.

The Italian embargo took effect February 22, the French at a later date. The embargo allowed beef shipments in transit to enter France or Italy provided arrival was only 1 or 2 days after the initiation dates. Informed sources expect the embargo to last about 1 month, or until new EC support prices come into effect. The EC Council had delayed fixing 1974-75 beef support prices until after the elections in the United Kingdom and Belgium. However, the support prices will be retroactive to March 4, 1974.

Italy is the second largest importer of beef in the EC, while France is less important. In 1972, Italy's net beef imports were about 750 million pounds, over 40 percent of total EC imports of 1,800 million pounds. About one-fourth of Italy's net beef imports was chilled beef.

U.S. fresh and chilled beef exports to Italy and France are small, so direct impact of the import embargo on U.S. sales of beef to these countries is expected to be minimal.

Belgium and Luxembourg Embargo Beef Imports

Effective February 26, 1974, Belgium and Luxembourg stopped importation of fresh and chilled beef from nonmembers of the European Community (EC). This action follows similar ones taken by France and Italy. All four embargoes are scheduled to end March 24. Shipments of fresh and chilled beef into EC Member States not embargoing their import, are being controlled through licenses.

Greece Embargoes Red Meat Imports

For the first time in history, feedlots in Greece are well stocked with ready-to-slaughter cattle. However, production costs are substantially above prices consumers are willing to pay. This, accompanied by already large stocks of imported frozen red meat (beef, mutton, and lamb), led to an embargo on further red meat imports until February 28, 1974, although imports are not expected to be resumed until present surpluses are reduced.

Protection of the domestic hog and cattle industry has been cited as the reason for the embargo.

Greece is not a major importer of U.S. meat products. During calendar 1973, the average monthly value of U.S. variety meats and red meats exported to Greece was only $37,000. However, Greece is an important importer on the world market. Total imports of red meat for calendar 1972 were 208.3 million pounds (carcass weight equivalent).

TOBACCO

Korea To Boost Leaf Export Price

The Republic of Korea's Tobacco Monopoly is expected to increase its export price for leaf tobacco. This price was increased 24 percent in 1973 but, according to the Office of Monopoly, tobacco is currently being exported at a loss.

The Monopoly's average price for 1973 leaf exports was 58 U.S. cents per pound, while the average purchase price was 68 U.S. cents.

The Monopoly's long-term goal for leaf tobacco exports is to sell $42 million worth in 1974, raising the total to $106 million by 1981. Tobacco exports have increased from an average of 628,000 pounds in 1960-64 to an average of 33.4 million in 1970-72. About 80 percent of these exports were flue-cured leaf and most of the balance was burley, making Korea the world's eighth largest exporter of flue-cured tobacco and fifth largest exporter of burley. Both of these tobacco types are competitive with U.S. exports.

The Monopoly is stepping up efforts to locate new markets, particularly in Eastern Europe. Sizable shipments of Korean leaf tobacco are expected to be made to Yugoslavia this year.

Rhodesian Tobacco Crop Up

Recent information from Rhodesia indicates its 1974 flue-cured tobacco crop target has been set at 198 million pounds, an increase of about 29 percent over final sales in 1973.

A guaranteed price has also been indicated at 43 U.S. cents per pound compared to 77 cents last season.

COTTON

New Price Policy To Aid Australian Cotton Farmers

The State Government of Western Australia announced in late 1973 it would introduce a price-support mechanism designed to prevent excessive fluctuation in cotton farmers' income in the coming 4 years. Those producers who farm irrigated land in the Ord River Project will receive variable-income payments based on costs and yields, should the market price of cotton not cover the average production cost (on-farm and off-farm), an allowance for the depreciation of equipment and for interest on capital invested. The amount of payment is based on information on costs and yields on farms growing in excess of 250 acres of cotton for the particular season. In years such as the current one, in which market prices exceed cost of production, no subsidies are to be paid.

The new program will not be a replacement for the Commonwealth Cotton Bounty which expired in 1971-72. The old Bounty was a minimum guaranteed price paid to all Australian cotton producers and designed as an inducement for domestic cotton production at a time when Australia had to import a large share of its raw cotton needs. Inasmuch as total annual production increased from below 15,000 bales

of raingrown cotton prior to 1963 to an average of about 140,000 bales (much of which was irrigated) between 1967 and 1971, the Bounty had met its objective and was ended.

That average figure masks the size of the 1971 crop of 192,000 bales, a figure which might have been surpassed during the 1972-73 season had not severe insect infestation destroyed almost a quarter of the crop.

Ord River Project cotton lands currently comprise only about 10 percent of total national acreage and produce roughly 10 percent of Australia's crop. The project was begun in 1963 after a large dam had been built to capture monsoon rains which previously had been swept into the ocean, leaving the tropical northwestern part of Australia without adequate moisture for two-thirds of the year. The Western Australian Government developed large plots of land before selling them to the farmers.

It was hoped the project would expand irrigated cultivation of cotton in an area hitherto unusable for commercial crops. During the initial stages of the project, production increased steadily from less than 1,000 to 18,600 bales. Since 1966 production has dropped slightly in the Ord Region; at the same time cotton output in the New South Wales—also an irrigated crop—has increased from roughly 50,000 to an average 100,000 bales during the last 5 years. The importance of the Ord River production has thus diminished. However, this year's devastating floods in New South Wales may increase the Ord River area's relative importance; and the new support price program should provide incentive for steady if not higher production in the Ord River region.

U.S. Textile Imports Down

Imports of cotton, wool, and manmade fiber textiles into the United States in 1973 totaled 5.1 billion square yards, down 18 percent from those of 1972. The drop occurred in textiles of all three fibers, with the greatest decline in manmade fiber textiles largely because of the substantial falloff in imports of manmade fiber yarn. Cotton textile imports totaled 1.6 billion square yards, wool textile imports 99 million square yards, and manmade fiber textile imports 3.4 billion.

Japan continued as the leading supplier of textiles to the United States, accounting for 813 million square yards. Hong Kong, the second largest supplier, accounted for 678 million square yards, and Taiwan and Korea followed with 479 million and 366 million, respectively. Together, these four countries supplied 45.6 percent of U.S. textile imports, compared with 49 percent in 1972.

The unfavorable balance of trade in textiles during 1973 amounted to $1,830 million, an improvement from the 1972 level. This reflected the decline in textile imports, and a 49 percent expansion in the value of textile exports.

SUGAR AND TROPICAL PRODUCTS

U.S. Honey Exports in 1973 Larger than Imports

The U.S. honey trade ended 1973 as a net exporter of 6.9 million pounds, with total exports for the year valued at $7.4 million. This contrasts sharply with 1972 trade when net imports were 34.9 million pounds, and total export value only $1.4 million. The last previous year U.S. honey exports exceeded imports was in 1966.

Dollar devaluation undoubtedly contributed to the turnabout in U.S. honey trade in 1973, along with generally improved foreign demand. Principal destinations in 1973 were West Germany, 6.7 million pounds; Japan, 3.7 million; and the United Kingdom, 3.2 million pounds.

Principal sources of 1973 U.S. imports, were Mexico, with 4.5 million pounds, and Canada, with 2.2 million pounds, followed by Brazil, the People's Republic of China, Spain, the Dominican Republic, West Germany, and Israel.

U.S. honey production in 1973 was reportedly 238 million pounds, up 11 percent from 1972. Average yield of honey per colony was 58.1 pounds, well above the 52.6 pounds for 1972.

U.S. Twine Imports Down in 1973

Imports of baler and binder twines in calendar 1973 totaled 101,350 and 10,518 long tons, respectively, compared with 113,202 and 11,136 tons in 1972. Raw fiber imports in 1973 totaled 31,832 tons, down more than a third from those of the previous year.

Because of 1973's rapidly rising prices for both twine and raw fiber, respective import values of $35.4 million and $5.3 million were higher in the case of twine, and only slightly lower for raw fiber than in 1972.

Since 1970, world sisal and henequen production has changed little, remaining at around 1.7 billion pounds, while demand for practically all end uses, and especially for agricultural twine, has steadily increased. With little or no improvement forecast for world sisal production in 1974, and with apparent minimal carryover supplies from 1973, prices for raw fiber and baler twine continued to move upward to new highs. By February 5, prices for Tanzanian/Kenyan raw sisal, UG grade, were being quoted at $1,075 per metric ton, c.i.f., West European ports, up from $945 a month earlier and nearly three times prices a year ago.

Annual U.S. baler twine requirements are around 270-300 million pounds. Of this total, about 80 percent is imported as manufactured twine, the balance of the demand being met from imported raw fiber and synthetic twine. About one-third of 1973 U.S. baler twine imports came from Mexico, with other principal suppliers being Brazil, Portugal, Belgium, the Netherlands, and Tanzania.

U.S. baler twine imports during September-November 1973 were sharply above normal, due probably to low carryover stocks at the end of the 1973 haying season. December imports, however, were below average levels, bringing total imports for the 4-month period ending December 1973 to 75 million pounds, 15 percent above the corresponding 4 months of 1972. Current high prices and worldwide competition for available product, however, contribute to the present outlook for tight twine supplies for 1974.

Other Foreign Agriculture Publications

- Record Rice Crop Seen in 1973 (FCR-1-74)
- Record World Corn Harvest Indicated in 1973 (FG-1-74)
- December Exports of U.S. Raw Cotton Second Highest in 10 Years (FC-2-74)

Single copies may be obtained free from the Foreign Agricultural Service, USDA, Washington, D.C. 20250, Rm. 5918 S.; Tel.: 202-447-7937.

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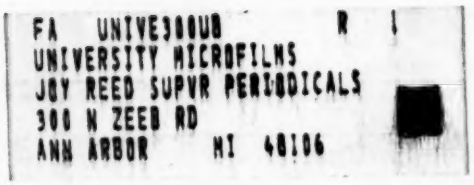

India's Need for Imported Grain Still Strong

Continued from page 12

about 5 million farmers to leave their fields and seek employment in road-building and other public works projects in order to survive. Since the favorable rains of mid-1973, many of them have returned to their farms, but not much of their production will be available this year for delivery to cities. (Even the commercial farmers in western India supply very little grain for urban needs. Their main products are cotton, peanuts, and other oilseed crops.)

Maharashtra is the largest recipient of grain from other states. Bombay, the capital city, has the second highest wage scale in India (Chandigarth is first), and therefore generates strong consumer pressures for food supplies. The marked rise in food prices over the past year has put Bombay residents in a squeeze.

Among the surplus states, Punjab and Haryana stand predominant. They produced enough extra grain in 1972 to account for 70 percent of the 7.2 million tons shipped by the Central Government from surplus areas to deficit states. Punjab alone shipped some 3.2 million tons of wheat in 1972, contrasted with only 108,000 tons in 1966, plus another 1 million tons of rice and coarse grains.

The fertile growing areas of Punjab, Haryana, and portions of states bordering them have derived significant benefits from the Green Revolution with the new high-yielding varieties of wheat and rice. As a result, per capita production in Punjab had by 1972-73 risen to approximately 1,200 pounds, compared with 617 in 1965, for a level about three times the all-India average.

Punjab output has moved ahead steadily, while that in Haryana has fluctuated, reflecting in part the smaller acreages of irrigated land.

Europeans Can Grow and Sell New Seeds in U.S.

People in Germany, the Netherlands and the United Kingdom who develop or discover new plants which reproduce through seeds may be granted certain rights to reproduce and sell these seeds in the United States, effective Feb. 1, 1974, the U.S. Department of Agriculture (USDA) recently announced.

The action is being taken through amendment to the regulations under the Plant Variety Protection Act. These countries have similar laws and are expected to extend similar reproduction and sales rights to U.S. breeders who develop new plants.

Breeders in Germany and the Netherlands may be granted certificates that run for a maximum of 17 years and include the right to exclude others from offering the protected variety for sale. Certificates issued to people in the United Kingdom will be limited to a maximum of 15 years for certain kinds of plants. The certificates issued to U.K. breeders will not include the right to exclude others from offering for sale that same variety. Plants reproduced by cuttings or other methods are covered by the Patent Act.

Copies of the amendment may be obtained from USDA's Plant Variety Protection Office, Agricultural Marketing Service, 6525 Belcrest Road, Hyattsville, Maryland, 20782.

New Zealand's Fruit Crops

Continued from page 9

dom and the two Irelands were a shade over 2 million bushels. Continental Europe took 1.3 million bushels.

New Zealand shipped a total of 176,776 bushels of apples and 1,130 bushels of pears to the United States in 1973. New Zealand also imported a total of 24,431 bushels of apples, all Red Delicious, from the United States, plus 16,200 bushels from Canada for the off-season market. Scheduled to arrive in December 1973, the shipments approximately doubled 1972 imports.

Outlook. New Zealand apple production is expected to increase 70 percent in the next 6 years. But because of increasing competition in Europe, much of the enlarged crop will go the processing route and great efforts will be made to enlarge processed apple sales to North America.

The NZAPMB is withholding 300,000 cartons of 1973-crop apples from export because of a 24-percent increase in freight rates. Most of these will be diverted to processing. Increased competition and currency fluctuations are also cited as reasons for the holdback.

New Zealand fruit intended for the U.K. market will probably face additional duties of 8-10 percent when the United Kingdom comes to the end of its transition period and must trade with other EC countries in preference to New Zealand. Considering market diversification a top priority, the NZAPMB seeks to increase apple sales in Central and South America, Southeast Asia, and the Pacific Islands.

—Based on dispatch from
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